



Utah Insurance Department Fraud Division

FY2017 Annual Report



MISSION STATEMENT

The Insurance Fraud Division acts as the primary law enforcement agency in the State of Utah for investigating suspected fraudulent insurance claims. The core mission of the Insurance Fraud Division is to protect the public from economic loss and distress. We do this by actively investigating, prosecuting and seeking restitution from those who commit insurance fraud. We further seek to deter insurance fraud through active public awareness education.

Insurance Commissioner:
Todd Kiser

Fraud Division Director:
Armand A. Glick

Fraud Director's Message

The enclosed annual report provides an informative look at the efforts, accomplishments, and challenges of the Utah Insurance Department Fraud Division for Fiscal Year 2017.

I am very proud of the efforts of the Fraud Division and feel we have one of the most effective and successful insurance fraud investigative units in the nation. I am also proud of the continued collaboration and working relationship between the fraud division, insurance company special investigative units, local and federal law enforcement, and the National Insurance Crime Bureau. Collaboration with these partners is crucial for our overall success.

The Insurance Fraud Division is not funded through taxpayer funds; instead funding primarily comes through assessment to insurers who operate in the State of Utah. The fraud assessment is based on total premium sold in the prior year by each company. There are nearly 1,600 companies licensed to sell insurance in the State. The Fraud Division's annual budget is approximately \$2,100,000.

In addition to the fraud assessment, the Insurance Fraud Division is authorized by state statute to recover the costs of our investigations from the defendants we prosecute.

Unfortunately, insurance fraud continues to be a crime that is accepted by many as a way to make financial gain. Many feel that insurance companies are just big businesses and that lying on a claim is ok since they have been paying for their insurance for years without ever filing a claim. Others simply look to insurance as an easy target for their criminal activities.

Insurance Fraud is a major crime that imposes significant financial and personal costs on individuals, businesses, government and society as a whole. It is estimated that each household pays \$400—\$700 per year in increased (non-health) insurance premiums due to insurance fraud. It is a crime that affects us all. (FBI—Insurance Fraud 03/07/2010)

It is the goal of the Insurance Fraud Division to aggressively investigate and prosecute offenders in an effort to reduce the cost of insurance fraud in the State of Utah to our citizens. We also strive to increase public awareness of insurance fraud and how it detrimentally affects our economy.

More than \$32 billion in fraudulent property/casualty claims are made annually in the United States. Estimates for health care fraud range between \$77—\$259 billion. (Insurance Information Institute, Insurance Fraud, January 2016)

Your continued support for the Insurance Fraud Division will allow Utah to remain a national leader in the field of insurance fraud investigations.

Sincerely,
Armand A. Glick
Director, Insurance Fraud Division
Utah Insurance Department

Insurance Department - Overview

The Utah Insurance Department is the state regulatory authority for the insurance industry and is responsible for enforcing all insurance-related laws of the State of Utah.

The mission of the Utah Insurance Department is to foster a healthy insurance market by promoting fair and reasonable practices that ensure available, affordable and reliable insurance products and services.

The mission of the Department is accomplished through educating, serving and protecting consumers, governmental agencies, and insurance industry participants at a reasonable cost. We cooperate with and serve state and other governmental agencies in fulfilling these responsibilities.

While one of the Department's objectives is to investigate regulatory violations, the Department's Fraud Division was created in 1996 with the mission of investigating criminal insurance fraud. The Insurance Fraud Division investigators are Utah POST certified Special Function Police Officers.

The Fraud Division works closely with insurance company investigators, local law enforcement, federal law enforcement, private non-profit organizations such as the National Insurance Crime Bureau (NICB), as well as state and federal prosecutors to bring both consumer and industry offenders to justice.

Incoming cases, tips, and complaints of possible fraud are received from a variety of sources. Most cases are received through the National Insurance Crime Bureau (NICB), Special Investigative Units (SIU) within the insurance industry, other law enforcement agencies, and citizens.

When a tip or complaint is received, it is reviewed to determine whether further investigation is merited. Cases are then assigned to an investigator who pursues all possible leads, conducts interviews, and gathers evidence.

When the investigation is complete, the investigator presents the case to the Attorney General's Office which is contracted to provide dedicated attorneys to prosecute insurance fraud. These attorneys are housed in the same offices with the fraud investigators. This coordinated approach results in greater success in case prosecution and resolution.

What is Insurance Fraud?

Insurance fraud happens when people deceive an insurance company in an effort to collect money to which they aren't entitled. Insurance Fraud is the second most costly white-collar crime in America, behind tax evasion. Insurance industry studies indicate that 10 % or more of property and casualty claims are fraudulent.

The National Health Care Anti-Fraud Association conservatively estimates that 3% or \$70 Billion is lost to health care fraud each year. Other law enforcement estimates place this as high as 10% or \$259 Billion annually.

The Coalition Against Insurance Fraud estimates that insurance fraud costs Americans more than \$96 Billion annually. The Coalition also believes that up to 30% of a policy holder's insurance premium is due to charges added to cover industry losses from insurance fraud.

Insurance fraud is typically committed by consumers, insurers, or service providers. A few general examples are as follows:

Consumer Fraud:

Adding items to a legitimate theft claim that were not stolen; obtaining insurance after an accident and claiming the accident occurred while insured; abandoning a vehicle and then reporting it stolen; staging an auto accident using a previously damaged vehicle and claiming the damage is all new; exaggerating injuries to receive treatment or compensation; lying about the number of drivers in your home on an application for insurance; creating false receipts to obtain replacement value on the claim; or doctor shopping for narcotics that are not medically necessary.

Insurer Fraud:

Agents selling false insurance policies; keeping the policy holder's premium payments and not forwarding them to pay for the policy; or agents fraudulently using personal information belonging to someone else to obtain a better premium quote for the applicant.

Provider Fraud:

Health care providers, contractors, and others may artificially inflate their billings to insurance; a dentist may bill for high noble metals while using a lower grade material for a crown; a doctor may proscribe a treatment that is not medically necessary; or a roofer damages or removes more shingles in order to create enough damage for insurance to cover replacing the entire roof.

Insurance Fraud FAQ's (Coalition Against Insurance Fraud)

What isn't fraud?

- Good-faith disagreement between an insurance company and consumer about a claim; and
- Decision by an insurer to decline your application, or not renew your coverage.

Why is fraud so big?

- Insurance companies are in the business of paying claims. In many instances insurance companies unwittingly encourage fraud by paying suspicious claims too easily. It is cheaper to pay than risk fighting in court or a having a lawsuit for bad faith.
- Low Risk Crime. Insurance fraud is a low risk-high reward game. Jail sentences are often light. Professional organizations overseeing doctors and lawyers are reluctant to discipline peers convicted of insurance fraud.
- Consumers tolerate fraud. Too many consumers believe insurance fraud is justified. Two of five Americans want little or no punishment for insurance cheats; they blame the insurance industry for its fraud problems because they believe insurers are unfair.

What are the newest trends?

- Large fraud rings. Increasingly, organized criminal enterprises are entering insurance fraud. Staged accidents and health-fraud rings are especially active and spreading.
- Aging baby boomers. As seniors approach retirement they remain major targets of insurance swindles. Schemes in life insurance, long term health care coverage, Medicare and others likely will continue spreading.
- Immigrants are vulnerable. America's large and growing immigrant groups are frequent fraud targets. Con artist prey on immigrant's trust, lack of English skills and ignorance of how insurance works. Fraud rings consisting of these immigrants are also on the rise.
- Internet schemes. As consumers increasingly use the internet, new opportunities for swindlers are available to take money from victims and rout across international borders, posing significant problems for U.S. law enforcement.

How to protect yourself.

- Never sign blank insurance forms; Demand detailed bills for repair and medical services and check closely for accuracy; Be suspicious if the price of insurance seems too low to be true; Be careful of strangers who offer quick cash or urge you to see a specific medical clinic, doctor, or attorney following an accident; Contact the State Insurance Department to verify an insurance agent is licensed; Keep your insurance ID protected.

Insurance Fraud FAQ's (Continued)

State of the Fight

Statistics from the Coalition Against Insurance Fraud state that in 2016 two-thirds of insurance companies saw more fraud. The fight against insurance fraud saw an increase in arrests involving major case fraud of 14% from 2015 to 2016. This was primarily due to increases in arrests and convictions in medical, workers comp, and life insurance.

Public Attitudes

In 2003 and 2010 Accenture conducted a survey of public attitudes regarding insurance fraud. The following results came from these surveys.

- 15% of surveyed persons admit to fraudulently inflating an automobile claim.
- 38% of surveyed person admit to fraudulently inflating a homeowner claim.
- Only 74% of persons surveyed between the ages of 18-24 believe it is wrong to overstate the value of an insurance claim.
- Only 84% of persons surveyed between the ages of 18-24 believe it is wrong to submit claims for items not lost or stolen or for fake injuries.
- More than 68% of Americans believe insurance fraud occurs because people can get away with it. This is up from 49% in 2003.

Workers Compensation Fraud

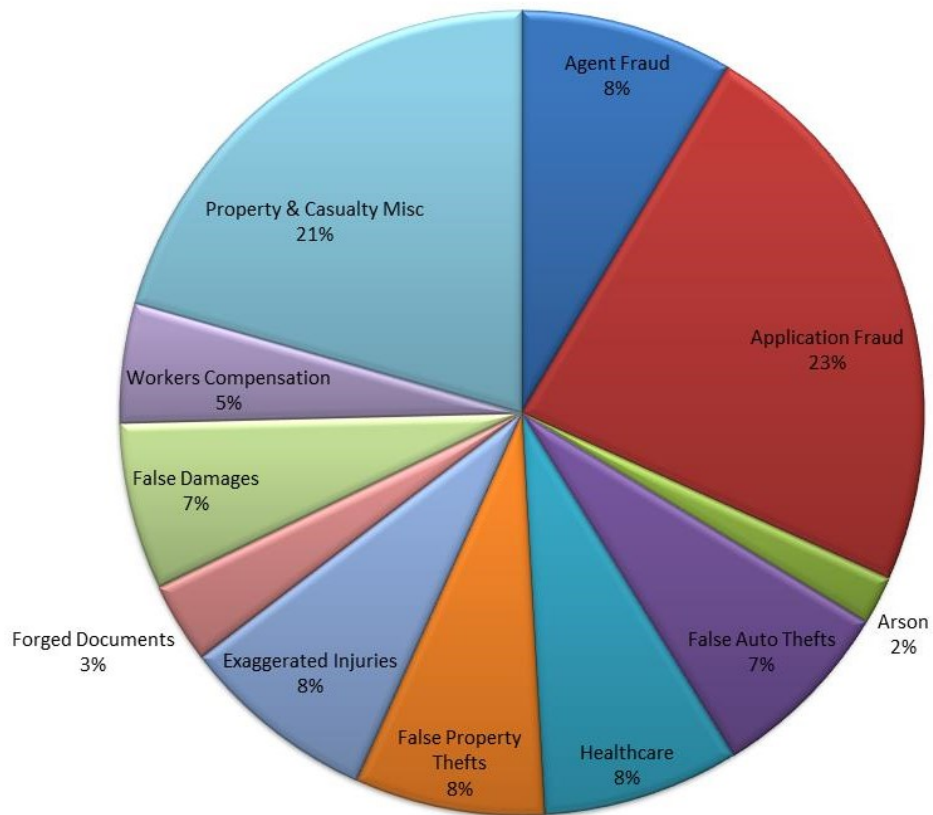
One of the categories we have seen a steady increase in cases referred to the Insurance Fraud Division for investigation is workers compensation claims. The following statistics are quite telling when it comes to these types of cases.

- 58% of claimants are repeat claimants
- 52% of injuries have no witnesses
- 52% of claimants fail to report the injury promptly
- 51% of claims coincide with a change in employment status.

Referrals By Type

Total Referrals - 787			
Agent Fraud	66	False Property Theft	59
Application Fraud	179	False Auto Theft	58
Healthcare	61	Staged Collisions	4
Exaggerated Injuries	61	Forged Documents	25
Workers Compensation	37	False Damages	52
		Property & Casualty - Other	159

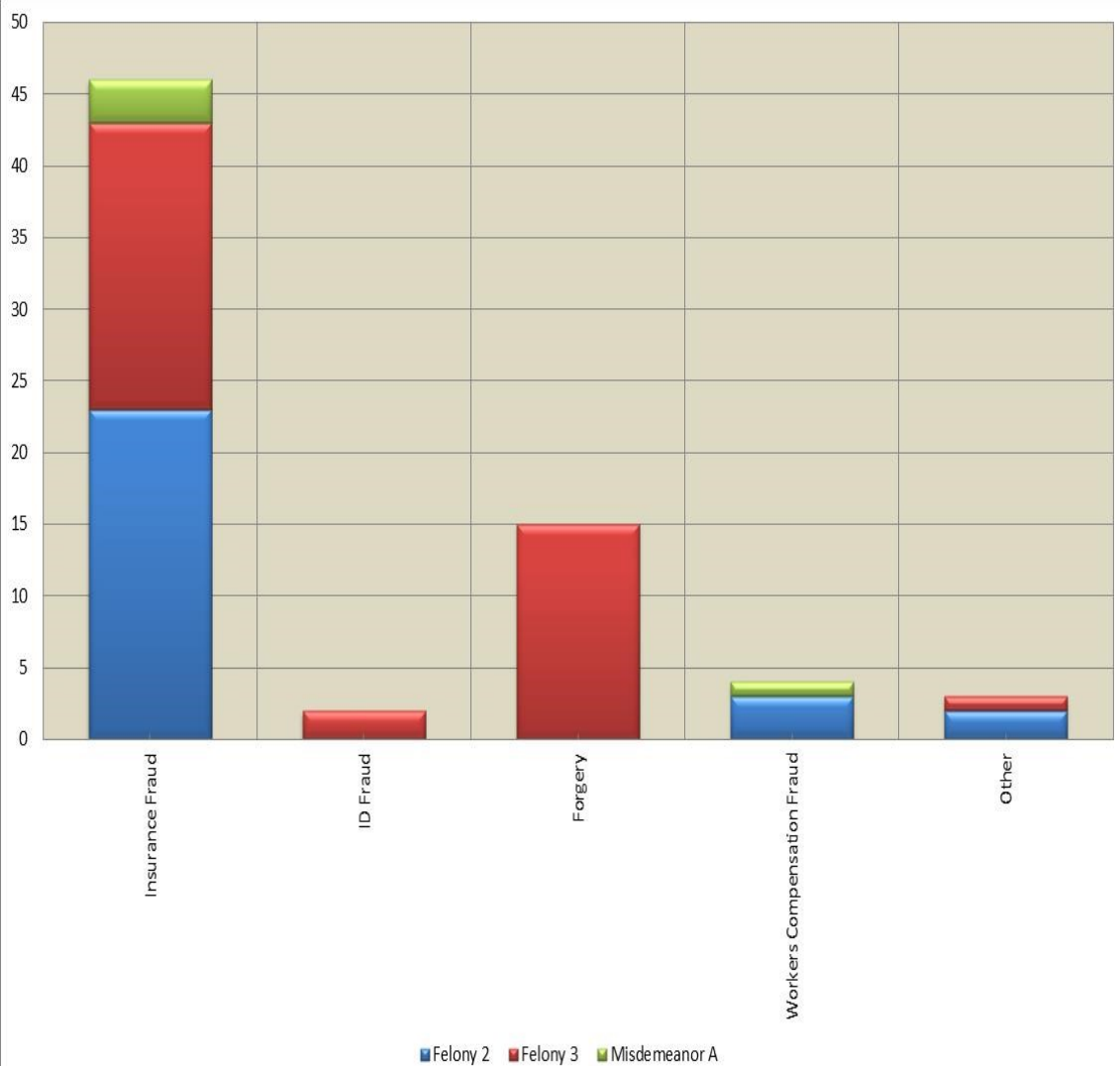
FY 2017 Referral Type



Charges Filed Overview

In Fiscal Year 2017 the Insurance Fraud Division filed criminal charges against 50 defendants who were involved in more than 111 insurance fraud incidents. A total of 79 charges were filed. In most instances defendants were charged with multiple counts based on the criminal actions they committed.

The most common charges filed in Fiscal Year 2017 are shown in the chart below along with the severity of the charge.



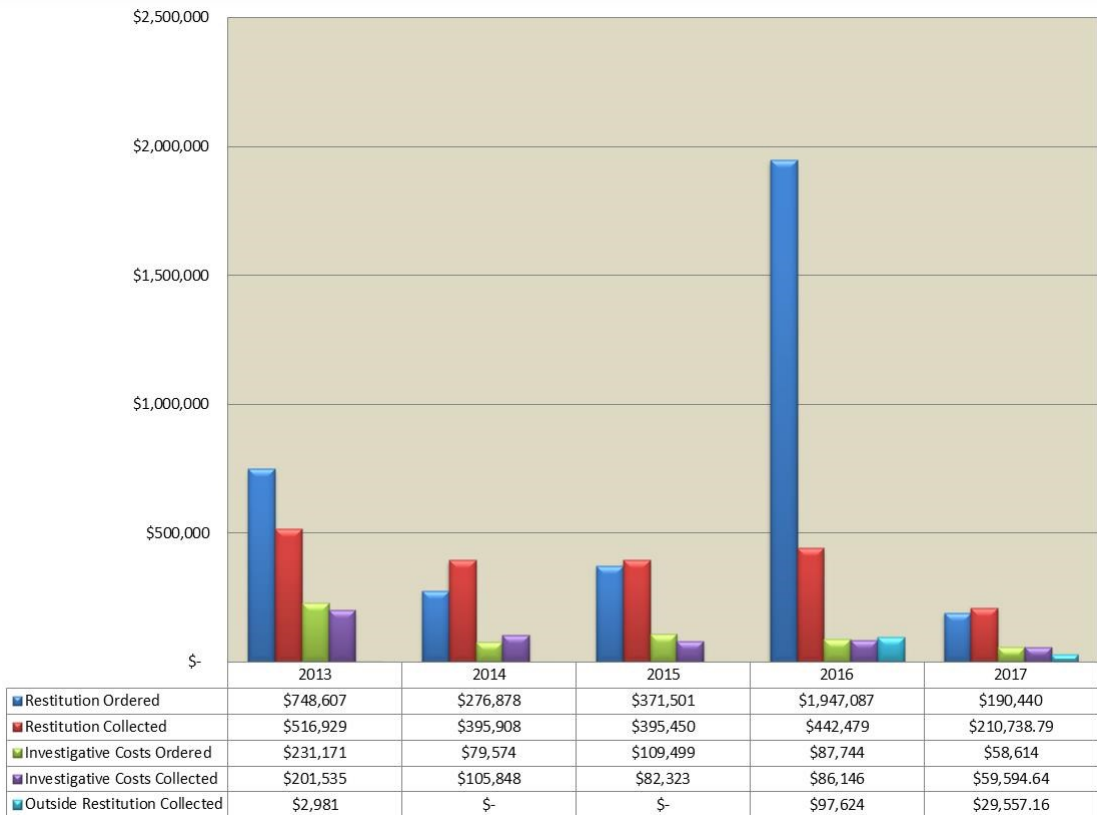
Restitution Collected

The Insurance Fraud Division (IFD) collects and tracks restitution paid in the cases prosecuted by the Division. The Division processes and accounts for defendant payments and then issues payment to the appropriate victims in each case. In FY2017 the IFD collected and distributed \$210,738 to victims of insurance fraud.

In some cases restitution is paid directly or collected through an outside agency such as those cases prosecuted federally. In these cases restitution is identified as outside restitution and where verified it has been included below.

The IFD always issues restitution payments to victims first before collecting any investigative costs from those convicted of insurance fraud.

Many cases investigated by the IFD do not involve an actual loss to the insurance company. These fraudulent claims are discovered prior to insurance paying the claim. As of the date of this report, cases prosecuted in FY2017 resulted in defendants being ordered to payback over \$190,000 in restitution. However the potential loss value of these same cases was at least \$929,420.



Legislative Actions

Public Adjuster Prohibited Conduct

During the 2017 legislative session, new language was added to the statutes regulating public insurance adjusters. The affected statute is 31A-26-312, Prohibited Conduct.

A disturbing trend started to show up in Utah during the past few years involving Public Adjusters who own roofing companies or other building contractor type companies. The adjuster comes to your home and advises you need a new roof. The adjuster has the homeowner sign over rights to file an insurance claim to the roofing company owned by the adjuster. The roofing company replaces the roof and then presents an insurance claim for an amount several times the normal rate. As part of the scheme, the adjuster advises the homeowner to not talk to their insurance company and that the adjuster will act as their agent.

There were several concerns with this activity. The adjuster has an interest in creating business for his roofing company and may advise an entire roof replacement is needed rather than a more minor repair. The adjuster fights with the insurance company claiming their adjusters are not as qualified and insurance usually settles for an amount much higher than the replacement should have cost. (resulting in increased rates to other consumers) Or, the insurance company refuses to pay because the policy holder refuses to talk to the insurance company at the direction of the adjuster or because repairs were made prior to the insurance company inspecting the damage.

In the signed agreement between the adjuster and the homeowner, the agreement makes the homeowner liable for all legal costs associated with the insurance claim. So if the dispute goes to court, the homeowner stands to risk paying large legal fees and will also be on the hook to pay the roofing company and adjuster if the insurance company prevails.

The new law makes it illegal for a public adjuster to participate directly or indirectly in the reconstruction, repair, or restoration of damaged property that is the subject of a claim adjusted by the independent adjuster or public adjuster.

The adjuster cannot have a conflict of interest or a financial interest in any company that performs the repairs.

Legislative Actions Continued.

The adjuster cannot directly or indirectly solicit employment for an attorney or enter into a contract with an insured for the primary purpose of referring an insured to an attorney.

The adjuster cannot act on behalf of an attorney in having an insured sign an attorney representation agreement.

In addition, insurance companies shall include the insureds as a payee on any draft of check and require written signature and endorsement on the payment draft or check.

The public adjuster may not accept any payment that violates the above and may not sign or endorse any payment draft or check on behalf of the insureds.



Fraud Division Move

The Fraud Division spent much of last year preparing for and completing a move to a state owned building located at 1385 South State Street in Salt Lake City. Our old downtown location served the division well for many years. But it lacked interview rooms, a conference room large enough for staff, and every space was occupied. As we considered an option to expand into available building space; an option that would have increased our lease by at least \$50,000; we discovered space was available in a different state owned building.

With financial assistance from the State's Administrative Services and funds we had saved, we undertook a large renovation project to completely gut decades old walls and structure and rebuilt the space to meet the needs of the Fraud Division for decades to come.

The move resulted in more than doubling our space; allowing for dedicated interview rooms, a large conference/training room, fitness room for investigators and staff, and resulted in a lease savings of more than \$70,000 annually.

Thanks and appreciation are extended to Insurance Commissioner Kiser and all those who played a role in making this significant move happen.



Summary of Criminal Cases Filed

STATE vs. MADSEN

Filing Date: 7/13/2016

Charges Filed:

Insurance Fraud, Felony 2

Esurance: \$6,000

Application Fraud/Accident Past Posting:

On January 15, 2013, Madson's son was involved in an accident while driving a friends 2002 Jeep Liberty. The Jeep had liability only insurance so the accident would not be covered by the vehicle owner's insurance. Madsen purchased a full coverage policy on one of his own vehicles and then filed a claim with his insurance stating his son's accident occurred after this policy was in effect. Madsen's insurance paid for the damages to the Jeep Liberty.

Case Status:

Madsen pled guilty to a Class "A" Misdemeanor charge of Insurance Fraud. He was ordered to pay \$6,000 to Esurance as well as \$1,766 in investigation expenses to the Insurance Fraud Division. He was placed on probation for 36 months.

STATE vs. Al-Hamad (husband and wife)

Filing Date: 7/19/2016

Charges Filed:

Insurance Fraud, Felony 2

Auto Owners: \$387,428

False Theft Claim:

In January of 2015 the Al-Hamads filed an insurance claim alleging items were stolen from a storage container they had placed items into while renovating their home. The Al-Hamads claimed to they purchased many of these items from local vendors. These vendors said the Al-Hamads had never purchased these items and that the items were not even available when they were alleged to have been purchased. Both of the Al-Hamads were charged in this case.

Case Status:

Mr. and Mrs Al-Hamad both pled guilty to Insurance Fraud which was reduced to a Class "A" Misdemeanor upon payment of \$3,000 in investigation expenses to the Insurance Fraud Division. Auto Owners did not pay this claim and no restitution was owed.

Summary of Criminal Cases Filed

STATE vs. RUIZ

Filing Date: 07/20/2016

Charges Filed:

Insurance Fraud, 1 count, Misdemeanor B

Auto Owners: \$1,026

Prior Auto Damages:

On March 29, 2015, Ruiz filed a claim that his vehicle was damaged in a hit and run accident. The damage was discovered to have actually occurred prior to 2011.

Case Status:

Ruiz was issued a citation. The Insurance Fraud Division does not track dispositions on citation arrests.

STATE vs. BEJAR

Filing Date: 7/29/2016

Charges Filed:

Insurance Fraud, 1 count, Felony 2

UAIC: \$510
Joint & Spine of Utah \$9,491

Auto Accident Jump In/False Injury Claims:

On September 29, 2015 Herrera filed an insurance claim that he was in an auto accident a few days prior. Herrera said he was the driver and claimed there were three additional occupants which included Bejar. Herrera claimed all occupants were injured in the accident and were treating with a chiropractor. The investigation discovered that the vehicle Herrera claimed to have been driving was driven by a relative and that there were no other occupants at the time of the accident. Both Herrera and Bejar received treatment from a chiropractor which was fraudulently billed to UAIC.

Case Status:

Bejar pled guilty to Wrongful Appropriation, a Class "A" Misdemeanor. He was ordered to pay \$900 in investigation expenses to the Insurance Fraud Division and was placed on probation for 12 months.

Summary of Criminal Cases Filed

STATE vs. HERRERA

Filing Date:

8/02/2016

Charges Filed:

Insurance Fraud, 1 count, Felony 3

UAIC:

\$510

Joint & Spine of Utah

\$9,491

Auto Accident Jump In/False Injury Claims:

On September 29, 2015 Herrera filed an insurance claim that he was in an auto accident a few days prior. Herrera said he was the driver and claimed there were three additional occupants which included Bejar. Herrera claimed all occupants were injured in the accident and were treating with a chiropractor. The investigation discovered that the vehicle Herrera claimed to have been driving was driven by a relative and that there were no other occupants at the time of the accident. Both Herrera and Bejar received treatment from a chiropractor which was fraudulently billed to UAIC.

Case Status:

Herrera pled guilty to Wrongful Appropriation, a Class "A" Misdemeanor. He was ordered to pay \$900 in investigation expenses to the Insurance Fraud Division and was placed on probation for 12 months.

STATE vs. VIAU

Filing Date:

8/04/2016

Charges Filed:

Insurance Fraud, 1 count, Felony 2

Liberty Mutual:

\$15,979

Forgery, 2 counts, Felony 3

Exaggerated Injuries/Forged Documents:

On December 5, 2014, Viau claimed he was in a high speed auto accident. Viau later claimed as a result of his injuries he was given a medical discharge from the National Guard resulting in loss of wages and that he was also no longer able to pursue a career in acting. The investigation discovered that Viau was not discharged due to injuries but had been discharged prior to the accident for other reasons. The vehicle damage also did not support the claimed speeds of the accident or mechanism of injury.

Case Status:

Viau pled guilty to Insurance Fraud, a 3rd degree felony and Forgery, a 3rd degree felony. Viau was ordered to pay Liberty Mutual \$1,000 in restitution and \$1,514 in investigation expenses. Viau was placed on probation for 36 months.

Summary of Criminal Cases Filed

STATE vs. ANDRUS

Filing Date: 8/11/2016

Charges Filed:

Insurance Fraud, 1 count, Felony 2

State Farm: \$37,987

False Equipment Theft:

On November 12, 2015 Andrus reported a theft of his Kamatsu mini-excavator and trailer. An anonymous complainant contacted the National Insurance Crime Bureau to report that neither the excavator nor the trailer was owned by Andrus. The subsequent investigation discovered the excavator was owned by a relative and had never been stolen.

Case Status:

Andrus pled guilty to Insurance Fraud a Second Degree Felony. He was ordered to pay State Farm \$11,368 and an additional \$1,455 to the Insurance Fraud Division for the costs of the investigation. Andrus was placed on probation for 36 months.

STATE vs. PROCTOR

Filing Date: 8/12/2016

Charges Filed:

Insurance Fraud, 1 count, Felony 3

BCBS: \$22,303

False Dental Billing Scheme:

While Proctor was employed for a dental office, she submitted 15 false claims for dental work for herself and her husband. Prior to leaving her employment on her last day, she deleted all of the bills from the dental office's computer system. Proctor had the insurance payment checks made out to her and mailed to her home. Proctor claimed to have set up the bills to get paid in advance of work to be performed at a later date. The work was never performed.

Case Status:

Proctor pled guilty to Insurance Fraud a 3rd degree felony. Proctor was ordered to pay Blue Cross Blue Shield of California \$4,388 in restitution and \$500 to the Insurance Fraud Division for the costs of the investigation. Proctor was placed on probation for 19 months.

Summary of Criminal Cases Filed

STATE vs. MURILLO

Filing Date: 8/16/2016

Charges Filed:

Liberty Mutual: \$2,993

Insurance Fraud, 1 count, Felony 3

Identity Fraud, 1 count, Felony 3

Insurance Agent Fraud:

Between October of 2014 and March of 2016, Murillo, while acting as an insurance agent, used the personal identification information of his former sister-in-law to create a high IBS (Insurance Bureau Score) for potential customers. This action locked in a lower insurance premium quote for the customer after which Murillo would exchange the information with the real applicant. Murillo used this scheme more than 160 times resulting in loss of premiums to Liberty Mutual and in his being paid undue commissions.

Case Status:

Court Case is Pending

STATE vs. FIELD

Filing Date: 8/11/2016

Charges Filed:

Travelers: \$7,207

Insurance Fraud, 1 count, Felony 2

False Information, 1 count, Misdemeanor B

False Vehicle Theft:

On February 26, 2016, Field falsely reported to Police that her 2008 Subaru Legacy had been stolen. Field then filed a loss claim with her insurance company. The vehicle was later recovered abandoned in a church parking lot. An anonymous informant advised the vehicle had not been stolen and that Fields had made statements that her engine needed to be replaced. The investigation discovered that Field's Subaru engine was in fact damaged and she had staged the theft of her car because she could not afford the repairs.

Case Status:

Fields pled guilty to a Class "A" Misdemeanor count of Insurance Fraud. The insurance did not pay on the claim. She was ordered to pay \$1,428 to the Insurance Fraud Division for the costs of the investigation and placed on probation for 18 months.

Summary of Criminal Cases Filed

STATE vs. HALL

Filing Date: 8/17/2016

Charges Filed:

Dr. Ryser: \$4,395

Theft by Deception, 1 count, Felony 3

Forgery, 4 counts, Felony 3

Theft of Insurance Checks/Forgery:

Between November of 2015 and April of 2016, Hall while working for a Medical Office as a financial and front desk clerk, stole several patients insurance checks that were received by the Medical Office as payment for services provided. Hall forged signatures on the checks and deposited them into her daughter's bank account.

Case Status:

Hall pled guilty to Theft by Deception, a Class "A" Misdemeanor. Hall was ordered to pay \$4,395 in restitution and \$1,976 in investigation expenses and was placed on probation for 18 months.

STATE vs. CARTER

Filing Date: 8/22/2016

Charges Filed:

American Family: \$400

Insurance Fraud, 1 count, Misdemeanor B

Past Posting/Lowering Deductible:

On May 3, 2016, Carter lowered his deductible on his insurance policy. After lowering his deductible, Carter filed a claim for damage to his travel trailer that had occurred prior to his deductible being lowered. The damage to his trailer was \$1,500.

Case Status:

Carter was issued a citation and pled guilty to Insurance Fraud, a Class "B" Misdemeanor.

Summary of Criminal Cases Filed

STATE vs. Cannon

Filing Date: 8/24/2016

Charges Filed:

Aflac: \$45,575

Insurance Fraud, 3 counts, Felony 2
Insurance Fraud, 1 count, Felony 3
Identity Fraud, 1 count, Felony 3

False Claims:

Between June to December of 2015, Cannon opened several accident policies through Aflac for herself and others who worked for her husbands company without their knowledge. Between June 2015 to March 2016, Cannon filed **20** false claims with Aflac. In each claim Cannon presented altered or forged medical documents to support her claims.

Case Status:

Cannon pled guilty to 2 counts of Insurance Fraud, 2nd degree Felonies; 2 counts of Forgery, 3rd degree Felonies; and 2 counts of Insurance Fraud, 3rd degree Felonies. Cannon was ordered to pay \$33,500 in restitution to Aflac and \$1,775 in investigation costs to the Insurance Fraud Division. Cannon was placed on 45 days home confinement and placed on probation for 36 months.

STATE vs. SOLANO

Filing Date: 8/30/2016

Charges Filed:

Insurance Fraud, 1 count, Felony 2

Freedom National: \$5,250

Claiming Lost Work Earnings While Working:

On May 30, 2015, Solano was involved in a vehicle accident where he was struck from behind. Over the next several months Solano claimed he was unable to work for periods of time and submitted work release letters from his chiropractor. Solano claimed to make \$35 an hour. The investigation discovered that Solano actually made \$7.25 an hour and had worked during the times he claimed he was unable to work.

Case Status:

Solano pled guilty to Wrongful Appropriation, a Class "A" Misdemeanor. He was ordered to pay \$4,500 to Freedom National Insurance and \$300 in investigation costs to the Insurance Fraud Division. Solano was placed on probation for 18 months.

Summary of Criminal Cases Filed

STATE vs. TROUT

Filing Date: 8/30/2016

Charges Filed:

Insurance Fraud, 1 count, Felony 2

Liberty Mutual: \$6,374

False Burglary Claim:

On December 14, 2015, Trout filed an insurance loss claim that her home was burglarized and provided a list of items allegedly stolen. The investigation discovered that Trout filed for bankruptcy less than a month before the alleged burglary and none of the items allegedly stolen were on the required list of property provided in the bankruptcy. It was also discovered that Trout filed a prior burglary claim in July of 2014, in which she claimed the same items were stolen. Trout's son also filed a burglary report in November of 2015, in which Trout tried to represent she purchased items reported stolen for her son. This claim was also found to be fraudulent.

Case Status:

Court Case Pending

STATE vs. ANDERSON

Filing Date: 8/31/2016

Charges Filed:

Workers Compensation Insurance Fraud, 1 count, Felony 2

Workers Compensation Fund: \$69,310

Premium Avoidance/Failure to Report Employee Injury:

On February 2, 2016, an employee of Anderson's construction company injured his wrist. Anderson transported the employee to the hospital for treatment and paid cash for the visit. When it was discovered the injury was significant and would be expensive, Anderson devised a scheme to have his employee lie and claim the accident had occurred while snowboarding so that the employee's health insurance would cover the treatment and he would not have to file a claim through his workers compensation insurance. When the employee was unable to return to work, Anderson fired the employee. The employee later filed a claim with Worker's Compensation Fund who discovered the scheme and paid the employee his entitled benefits. Anderson's actions sought to deprive his employee of the benefits he was entitled and to keep from having his own premiums increase due to the injury.

Case Status:

Anderson pled guilty to Workers Compensation Insurance Fraud, a 2nd degree Felony. Anderson was ordered to pay \$2,500 in investigation costs to the Insurance Fraud Division and was placed on probation for 36 months.

Summary of Criminal Cases Filed

STATE vs. MARTINEZ

Filing Date: 9/01/2016

Charges Filed:

Insurance Fraud, 1 count, Felony 2

Auto Owners: \$6,472

Double Dipping:

On August 4, 2016, Murphy's home was burglarized. Items belonging to her boyfriend, Martinez, were also taken. Martinez and Murphy both filed claims for the same property under their own separate insurance policies without disclosing this to the other insurance companies. In addition, because they are not married, they are not entitled to claim property belonging to the other person under their own claims.

Case Status:

Martinez pled guilty to Insurance Fraud, a class "A" Misdemeanor. Martinez was ordered to pay \$1,000 to State Farm and \$2,018 in investigation expenses. Martinez was placed on probation for 18 months.

STATE vs. JUMAA

Filing Date: 10/03/2016

Charges Filed:

Insurance Fraud, 1 count, Felony 3

Farmers: \$3,715

Application Fraud/Prior Auto Accident Damages:

On August 29, 2015, Jumaa filed a claim that she was in an auto accident on August 28, 2015. Prior to filing this claim, Jumaa's policy lapsed due to non-payment of premium and was cancelled on July 18, 2015. Jumaa reinstated the policy on August 24, 2015 and claimed there was no existing damage to her vehicle. The investigation discovered that a claim was filed with GEICO alleging Jumaa's vehicle was suspect in a hit and run of the GEICO policy holders car on July 28, 2015. Jumaa was unable to identify who had actually been the driver in the hit and run while Jumaa was out of the country. Upon her return, she lied when reinstating her insurance policy about the cars damage and lied about being involved in an accident on August 28th.

Case Status:

Court Case is Pending

Summary of Criminal Cases Filed

STATE vs. DAUGHERTY

Filing Date: 10/07/2016

Charges Filed:

Workers Compensation Fund: \$528

Workers Compensation Fraud, 1 count, Misdemeanor A

Using Workers Comp Prescription Card for Unauthorized Purchases:

On October 23, 2014, Daugherty was injured at his workplace. During the course of treatment Daugherty was issued a Prescription card to pay for approved medications. Between October of 2014 and February of 2015, Daugherty used the prescription card to pay for 14 different unauthorized prescriptions for narcotics that were not related to his injury.

Case Status:

Court Case Pending

STATE vs. HASRATION

Filing Date: 10/11/2016

Charges Filed:

Insurance Fraud, 1 count, Felony 2

Impersonating a Police Officer, 1 counts, Misdemeanor B

Cambia: \$3,000

Doctor Shopping:

Between July 2012 and May of 2016, Hasration saw 51 different physicians and 26 different pharmacies to obtain controlled substance prescriptions. While doing so on some visits, Hasration wore a handgun in his waistband and claimed to be a police officer assigned to the narcotics task force. He claimed a work related injury and hoped that the doctors would give him narcotic prescriptions without question believing he was a police officer. While obtaining these medically unnecessary medications, insurance was billed for doctors visits and the medications themselves. Insurance paid out several hundred thousand dollars in claims. The investigation was only able to attribute a much lower amount to outright insurance fraud due to existing medical conditions.

Case Status:

Hasration pled guilty to Insurance Fraud, a class "A" Misdemeanor and Prescription Fraud a class "A" Misdemeanor. Hasration was ordered to pay \$2,200 in restitution and \$5,000 in investigation costs and was placed on probation for 24 months and ordered to serve 40 hours of community services.

Summary of Criminal Cases Filed

STATE vs. GUYER

Filing Date: 10/26/2016

Charges Filed:

Homesite: \$1,895

Insurance Fraud, 1 count, Felony 3
Forgery, 1 count, Felony 3

Inflated Value/Forged Receipt:

On May 24, 2016, Guyer claimed his Pivot Mach 6 bike was stolen from a carrier on his car while on vacation. Guyer claimed the value of his bike was \$9,000. When asked for a receipt, Guyer went to a bike shop and requested they create an invoice/estimate of the bike's current value with accessories. Guyer also convinced the bike shop to back date the receipt to July 13, 2015. Guyer presented this receipt to insurance as proof of ownership and value. The investigation discovered the real amount Guyer paid for the bike was \$6,500. Guyer was charged with trying to inflate the value of his claim.

Case Status:

Guyer pled guilty to Insurance Fraud, a Class "A" Misdemeanor. He was ordered to pay \$483 to the Insurance Fraud Division for investigation costs and received 12 months probation.

STATE vs. GUNN

Filing Date: 10/26/2016

Charges Filed:

Metlife: \$11,059

Insurance Fraud, 1 count, Felony 2

False Stolen Vehicle:

On April 15, 2016, Gunn reported her 2008 Cadillac Escalade was stolen to police and to her insurance company. It was later learned that her boyfriend had crashed and abandoned her vehicle while driving on a suspended license for DUI and was not an authorized driver on her policy. Gunn tried to report the vehicle stolen in order to get her insurance to cover the damage.

Case Status:

Gunn pled guilty to Insurance Fraud, a Class "A" Misdemeanor. She was ordered to pay \$546 to the Insurance Fraud Division for investigation costs and was placed on 18 months probation.

Summary of Criminal Cases Filed

STATE vs. VALDEZ

Filing Date: 11/01/2016

Charges Filed:

Progressive: \$4,149

Insurance Fraud, 1 count, Felony 3

Application Fraud/Auto Accident Past Posting:

On June 19, 2016, Valdez was involved in an accident where she left the scene of the accident and was cited. On June 21, 2016 Valdez obtained insurance coverage on her 2006 Chevrolet Impala claiming she had not had any prior accidents. On June 29, 2016 Valdez filed an insurance claim alleging that someone had hit her car and left the scene of the accident.

Case Status:

Court Case Pending

STATE vs. THOMPSON

Filing Date: 11/02/2016

Charges Filed:

Mid Century: \$24,640

Insurance Fraud, 1 count, Felony 2

False Burglary Claim:

On May 7, 2016, Thompson claimed her residence was burglarized and a number of items stolen. Thompson provided her insurance with photos of the stolen property which contained evidence the photos were taken after the alleged date of the loss. It was also discovered that Thompson had been listing many of the alleged stolen items for sale online just prior to the alleged theft and indicated these items were sold. It was also discovered Thompson has filed prior burglary loss claims with other insurance companies listing many of the same items being stolen.

Case Status:

Court Case is Pending

Summary of Criminal Cases Filed

STATE vs. DENT

Filing Date: 11/04/2016

Charges Filed:

Farmers: \$6,500

Insurance Fraud, 1 count, Felony 2

False Information, 1 count, Misdemeanor B

False Theft Claim:

On July 6, 2016, Dent filed an insurance claim that a ring was stolen from her residence, claiming she had left her door unlocked. Dent provided a photo of her missing ring as part of the claims process. The investigation discovered the photo was taken after the reported time of loss.

Case Status:

Dent pled guilty to Insurance Fraud, a Class "A" Misdemeanor. She was ordered to pay \$450 in investigation costs to the Insurance Fraud Division and was placed on 18 months probation.

STATE vs. POULSON

Filing Date: 1/11/2017

Charges Filed:

Workers Compensation Fund: \$10,575

Workers Compensation Insurance Fraud, 1 count, Felony 2

Collecting Temporary Disability Payments While Working:

On May 11, 2013, Poulson reported he was injured while working for a pest control company. Poulson claimed he was unable to work due to this injury from 5/11/2013 until 12/17/2013. During this time Poulson was paid TTD benefits to replace his lost income due to the injury. The investigation discovered that during this time, Poulson had continued to work full time for a private security company and was collecting disability benefits while he was working.

Case Status:

Court Case Pending

Summary of Criminal Cases Filed

STATE vs. HERNANDEZ

Filing Date: 1/11/2017

Charges Filed:

Insurance Fraud, 1 count, Felony 3

Progressive: \$1,920

Auto Accident/Past Posting:

On September 2, 2016, Hernandez was in an auto accident while driving without insurance. Shortly after the accident Hernandez purchased insurance and then attempted to claim the accident had occurred after he had purchased the insurance.

Case Status:

Hernandez pled guilty to one count of Wrongful Appropriation, a class "A" Misdemeanor. He was ordered to pay \$250 in investigation costs to the Insurance Fraud Division and was placed on probation for 18 months.

STATE vs. MONTOYA

Filing Date: 1/12/2017

Charges Filed:

Insurance Fraud, 1 count, Felony 2

UBIC: \$36,181

Workers Compensation Fraud/False Injury Circumstances:

On March 7, 2016, Montoya reported to his employer that he injured his arm when he slipped and fell on some hydraulic fluid at work. The investigation discovered that Montoya had actually injured his arm the night before at home when a transmission he had been working on fell on his arm.

Case Status:

Court Case is Pending

Summary of Criminal Cases Filed

STATE vs. CRYER

Filing Date: 1/30/2017

Charges Filed:

GEICO: \$33,239

Insurance Fraud, 2 counts, Felony 2
Criminal Mischief, 1 count, Felony 2

Stage Auto Accident:

On January 30, 2016, Cryer rented a 26 foot U-Haul truck for a day rental and paid for additional liability insurance. The next day Cryer returned the truck and claimed he had lost control and run into a parked 2013 Infinity JX35 owned by Verdyan. The investigation discovered that the Infinity had been in a prior accident on November 23, 2015 and that most of the damages in that claim had not been repaired including deployed air bags. Some of the front hood damage was repaired by a body shop suspected to be in collusion in this case. Verdyan had approached Cryer while Cryer was applying for a job at the same body shop with a business proposition. Verdyan offered to pay Cryer \$1,000 to rent a U-Haul and back it into the Infinity. Verdyan paid cash for the U-Haul rental. Verdyan towed the Infinity to a park where he left it for Cryer to run into with the U-Haul truck.

Case Status:

Court Case Pending

STATE vs. VERDYAN

Filing Date: 1/30/2017

Charges Filed:

GEICO: \$33,239

Insurance Fraud, 2 counts, Felony 2
Criminal Mischief, 1 count, Felony 2

Stage Auto Accident:

On January 30, 2016, Cryer rented a 26 foot U-Haul truck for a day rental and paid for additional liability insurance. The next day Cryer returned the truck and claimed he had lost control and run into a parked 2013 Infinity JX35 owned by Verdyan. The investigation discovered that the Infinity had been in a prior accident on November 23, 2015 and that most of the damages in that claim had not been repaired including deployed air bags. Some of the front hood damage was repaired by a body shop suspected to be in collusion in this case. Verdyan had approached Cryer while Cryer was applying for a job at the same body shop with a business proposition. Verdyan offered to pay Cryer \$1,000 to rent a U-Haul and back it into the Infinity. Verdyan paid cash for the U-Haul rental. Verdyan towed the Infinity to a park where he left it for Cryer to run into with the U-Haul truck.

Case Status:

Court Case Pending

Summary of Criminal Cases Filed

STATE vs. JONES

Filing Date: 2/06/2017

Charges Filed:

AAA: \$3,401

Insurance Fraud, 1 count, Felony 3

Application Fraud/Auto Accident Past Posting:

On November 28, 2016, Jones's daughter was in an accident while driving her 2007 Mazda 3 without insurance. After the accident Jones renewed his insurance with AAA which included coverage for his daughter's Mazda 3. The next day Jones filed a claim that his daughter had slide into a curb and hit a rock the evening after he had purchased the policy. The investigation confirmed the accident occurred prior to the insurance being purchased.

Case Status:

Court Case Pending

STATE vs. LEATHAM

Filing Date: 2/15/2017

Charges Filed:

Progressive: \$3,407

Insurance Fraud, 1 count, Felony 3

Driving without Insurance, 1 count, Misdemeanor B

Application Fraud/Auto Accident Past Posting:

On October 19, 2016, Leatham was involved in a accident with another vehicle while riding his 2013 Harley Davidson Motorcycle. At the time of the accident, Leatham's auto insurance policy had been cancelled for lack of payment. After the accident Leatham reinstated his insurance policy and claimed the accident had occurred after the policy was in place.

Case Status:

Leatham pled guilty to Insurance Fraud, a Class "A" Misdemeanor and Operating a vehicle without insurance, a Class "C" Misdemeanor. Leatham was ordered to pay \$761 to Bear River and an additional \$743 to other victims. He was also ordered to pay \$1,504 to the Insurance Fraud Division for investigation costs.

Summary of Criminal Cases Filed

STATE vs. OLVERA

Filing Date: 3/07/2017

Charges Filed:

Esurance: \$7,269

Insurance Fraud, 1 count, Felony 2

Application Fraud/Auto Accident Past Posting:

On September 21, 2016, Olvera was in an auto accident while driving her 2015 Volkswagen Tiguan. At the time of the accident Olvera's vehicle was not insured. After the accident Olvera purchased insurance on her phone. Olvera later tried to claim she had started the purchase process the night before and that the policy was to have been in place. The investigation discovered that Olvera lied about starting the policy the night before and had purchased the insurance after her accident.

Case Status:

Court Case is Pending

STATE vs. ALARCON

Filing Date: 3/08/2017

Charges Filed:

American Liberty: \$1,154

Workers Compensation Insurance Fraud, 1 count, Felony 2

Collecting Temporary Total Disability Payments While Working/Malingering:

On May 30, 2013, Alarcon was injured while at work. Alarcon later had surgery and was scheduled to return to work in March of 2016. Prior to returning to work it was discovered that Alarcon was engaging in a number of activities contrary to the limitations he alleged he still had the prohibited him from working. Activities included working on cars and carrying large bags of cement for tile work.

Case Status:

Court Case is Pending

Summary of Criminal Cases Filed

STATE vs. DESANTIAGO

Filing Date: 3/16/2017

Charges Filed:

Stauffer Painting: \$6,186

Forgery, 3 counts, Felony 3

Forged Certificates of Insurance:

While conducting an audit, Workers Compensation Fund Insurance discovered several fraudulent certificates of insurance given to Stauffer Enterprises by DeSantiago who was a subcontractor. The certificates were presented as a requirement in order to do work as a subcontractor to Stauffer Enterprises. As a result of the forged certificates of insurance, DeSantiago was allowed to perform work for Stauffer Enterprises while failing to have required insurance coverage.

Case Status:

Court Case is Pending

STATE vs. BOWDEN

Filing Date: 3/23/2017

Charges Filed:

Encompass Indemnity: \$11,000

Forgery, 1 count, Felony 3

Insurance Agent Fraud/Forgery:

On September 9, 2015, Bowden submitted a claim under his son's ex-wife's insurance policy for two water damaged cameras owned by his son. Bowden was the insurance agent who had originally written the policy for his son and daughter in law. At the time of the claim Bowden's son and daughter in law were in the process of divorce and his son was not living in the insured's home. Since Bowden's son was no longer living in the home and had no property there, he was not entitled to file a claim under his soon to be ex-wife's policy. The claim was paid via a check issued to Bowden's son and his son's ex-wife. Bowden forged the signatures for both his son and his son's ex-wife and deposited the funds into his personal bank account because his son owed him money from a loan.

Case Status:

Court Case is Pending

Summary of Criminal Cases Filed

STATE vs. PONCE DE LEON

Filing Date: 3/23/2017

Charges Filed:

Forgery, 1 count, Felony 3

Farmers:

\$Unknown

Insurance Agent Fraud/Forgery:

Between January 2014 and March 2016, Ponce De Leon worked as a Farmers Insurance Agent. During this time Ponce De Leon created false bills of sale documents and prior insurance documents in order to qualify policy applicants for Farmers Policies they did not qualify for. As a result policies were placed with policy holders who did not qualify for these policies and commissions were paid to Ponce De Leon that he was not entitled to. The loss in premiums to and commissions paid to Ponce De Leon are unknown at this time.

Case Status:

Ponce De Leon pled guilty to Forgery, a 3rd degree felony. Ponce De Leon was ordered to pay \$1,485 in investigation expenses and was placed on probation for 12 months.

STATE vs. ELLINGSON

Filing Date: 3/30/2017

Charges Filed:

Insurance Fraud, 1 count, Felony 3

Select Health:

\$2,500

False Loss Claim:

On August 12, 2016, Ellingson reported his fiancé's ring was lost while doing dishes. The investigation discovered that Ellingson had filed a similar lost ring claim in 2015. The ring from the 2015 claim was identical to the 2016 claim. Ellingson admitted to investigators that this second claim was fraudulent and that he had never replaced the first ring.

Case Status:

Court Case is Pending

Summary of Criminal Cases Filed

STATE vs. BUTLER

Filing Date: 03/30/2017

Charges Filed:

Homesite: \$3,500

Insurance Fraud , 1 count, Felony 3

Past Posting Trailer Theft Claim:

On September 13, 2016 Butler reported his 2015 Hallmark construction trailer was stolen to the police. Later that same day, Butler obtained a new insurance policy to cover the trailer through Progressive/Homesite insurance. On December 1, 2016, Butler called Homesite to report that his trailer was stolen on September 24, 2016; after his policy had been put in place.

Case Status:

Butler pled guilty to Insurance Fraud, a Class "A" Misdemeanor. Butler was sentenced to 12 months probation and ordered to pay \$1,135 in investigation costs to the Insurance Fraud Division. The claim had not been paid so no restitution was ordered.

STATE vs. BUILES

Filing Date: 04/03/2017

Charges Filed:

GEICO: \$450

Insurance Fraud, 1 count, Misdemeanor B

Lowering a Deductible / Accident Past Posting:

On January 12, 2017, Builes contacted his insurance to report that he was involved in a single vehicle accident causing damage to his vehicle on January 10th. The investigation determined Builes had called GEICO on January 9th to lower his deductible from \$500 to \$25. Additional evidence was obtained that proved the accident actually occurred on January 5, 2017; prior to the lowering of his deductible.

Case Status:

Builes was issued a citation. Citation arrests are not tracked for court disposition by the Insurance Fraud Division.

Summary of Criminal Cases Filed

STATE vs. HESSE

Filing Date: 04/04/2017

Charges Filed:

Insurance Fraud, 2 counts, Felony 2

State Farm: \$40,000

Allstate: \$70,000

False Theft Claims:

Between May of 2012 and September of 2015 Hesse filed four theft of tools claims. Two with State Farm Insurance, and two with Allstate insurance. In all instances Hesse submitted the same list of tools alleged to have been stolen. A witness advises that Hesse never had the tools stolen and continued to use the same tools throughout the time frame he claimed they had been stolen.

Case Status:

Hesse fled the State of Utah and a warrant for his arrest has been issued.

STATE vs. ARCHULETA

Filing Date: 04/11/2017

Charges Filed:

Insurance Fraud, 1 count, Misdemeanor A

Progressive: \$564

Auto Accident Past Posting:

On August 23, 2016 Archuleta was in an auto accident while driving his 1986 Nissan. At the time of the accident Archuleta did not have insurance on his vehicle as it had lapsed for non-payment. Archuleta reinstated his policy after the accident telling his insurance that he had not had any accidents during the time lapse.

Case Status:

Court Case is Pending

Summary of Criminal Cases Filed

STATE vs. DRAPER

Filing Date: 04/26/2017

Charges Filed:

Allstate: \$9,006

Insurance Fraud, 1 count, Felony 3

Trailer Damage Past Posting:

On or about August 1, 2016, Draper obtained insurance coverage for a 2015 Cyclone trailer. On August 12, 2016 Draper called his insurance to report that he hit a fence post while pulling his trailer the day before. The investigation uncovered that the trailer had been parked at a trailer repair facility since June of 2016 and the damage occurred to the trailer prior to Draper obtaining the insurance policy.

Case Status:

Court Case is Pending

STATE vs. LEYVA

Filing Date: 04/27/2017

Charges Filed:

Progressive: \$1,439

Insurance Fraud, 1 count, Misdemeanor A

Prior Auto Damages / Past Posting:

On April 1, 2016, Leyva changed her vehicle insurance coverage to include collision coverage with a \$500 deductible. Leyva then filed a claim that her vehicle was damaged on 04/19/2016 while parked at her apartment complex. The damages reported were discovered to have been present since at least 2015 and Leyva's claim that the damage was recent was false.

Case Status:

Court Case Pending

Summary of Criminal Cases Filed

STATE vs. ZAHN

Filing Date: 06/05/2017

Charges Filed:

Allstate: \$2,730

Insurance Fraud, 1 count, Felony 3
Forgery, 1 count, Felony 3

False Theft/Forged Receipts:

On November 16, 2016, Zahn filed an insurance claim alleging her residence was burglarized and an expensive jacket was stolen. The receipt Zahn presented to show her purchase of this jacket proved to be fraudulent and was actually for a different item she purchased valued at less than \$100.

Case Status:

Court Case Pending

STATE vs. RIOS

Filing Date: 06/13/2017

Charges Filed:

Progressive: \$713

Insurance Fraud, 1 count, Misdemeanor A

Prior Vehicle Damages:

On October 24, 2016 Rios claimed to have noticed damages to his vehicle while washing his car. Rios claimed these damages were new and appeared to be caused by vandalism. Evidence was found that showed these damages were present on the vehicle since June of 2015 which predated the insurance policy.

Case Status:

Court Case Pending

The seal of the Utah Insurance Department is a circular emblem. It features a central shield with a beehive, flanked by two American flags. Above the shield is an eagle with spread wings. The shield is inscribed with the word "INDUSTRY". The entire seal is encircled by a rope-like border. The outer ring of the seal contains the text "INSURANCE DEPARTMENT" at the top and "STATE OF UTAH" at the bottom. The year "1896" is inscribed at the bottom of the inner circle.

Utah Insurance Department

3110 State Office Building
Salt Lake City, Utah 84114

801-538-3800 (Office)
<http://www.insurance.utah.gov>

Fraud Division

1385 South State Street, Suite 110
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